



**2007** 1st Quarterly Report  
第一季報

**R***Recruit*  
才庫媒體集團有限公司

## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities trade on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

**The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM listed issuers.**

*The Stock Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.*

*This report, for which the directors (the “Directors”) of Recruit Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rule Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:- (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

## **FINANCIAL REVIEW**

The Group recorded a revenue of HK\$73.7 million for the three months ended 31 March 2007, an increase of approximately 17% over that of HK\$62.7 million in the same period last year. The growth was mainly attributable to the inflight magazine business which brought in additional revenue of approximately HK\$11 million in the first quarter. Net profit attributable to shareholders for the three months ended 31 March 2007 was HK\$15.1 million, representing an increase of approximately 66% over that of HK\$9.1 million in the same quarter last year.

## **BUSINESS REVIEW**

### **Recruitment Advertising**

Performance of print recruitment advertising for most sectors in Hong Kong was sluggish during the first three months of 2007 in spite of the continuously low unemployment rate of less than 5%. Furthermore, there was fierce competition within this segment which has resulted in lower yields and profitability.

As a result, the Group's print recruitment advertising revenue in Hong Kong saw a decline of 16% during the first three months in 2007 as compared with the same period of 2006. However, the Group has successfully maintained its market position at the head of its flagship sectors and will continue to fortify its position. The market has seen an increasing trend of advertisers shifting from the print media to online media because of broader coverage and competitive rates offered by the latter. The Group has been taking counter-measures by enhancing and strengthening its online presence by launching new features and products from time to time.

1010job, the China recruitment advertising arm of the Group, has recorded a 70% growth in revenue in the same period. However, it continued to suffer an operating loss as the business is at the stage of building up market share and maintaining a sustainable scale of operation. The progress achieved as a result of constant marketing efforts is reflected by the fact that 1010job is one of the most recognized print recruitment media in Shanghai. It is within the top 10 recruitment websites nationwide. 1010job has continuously been strengthening its sales force to improve the effectiveness of job matching between employers and jobseekers.

In February 2007, the Group introduced a strategic investor, Jobstreet Corporation Berhad ("JS") into its Hong Kong recruitment advertising unit. JS is a leader in the online recruitment business in the Asia Pacific region. The Group intends to further enhance its online presence and product offer by partnering with JS.

### **Inflight Magazine Business**

The inflight magazine business has continuously benefited from the rapid economic growth in the PRC. The division has achieved a 55% growth in revenue in the first 3 months in 2007. With the 2008 Beijing Olympics and the 2010 World Expo upcoming, growth in the business, in terms of both revenue and profitability, is expected to continue.

### **Printing Business**

Revenue generated by the printing business of the Group for the first three months of 2007 is comparable with that in the same period of 2006. The Group has endeavored to diversify its client base geographically through expanding its printing services to the United States, the United Kingdom and some other European countries. In particular, sales office in the United Kingdom was set up in the first quarter of 2007. Meanwhile, the Group has planned to purchase new equipment to expand its production capacity in the PRC to meet the increasing demand following development of its client base. The printing business recorded a HK\$1.8 million loss to the Group for the first quarter mainly due to erosion of profit margin through expansion of operations and acquisition of new business.

### **Investment Business**

In view of the highly volatile trading condition of the Hong Kong Stock Market, the Group has taken a cautious approach in managing its portfolio of publicly listed shares and has remained highly liquid during the first quarter when HK\$0.1 million trading profit was registered.

### **PROSPECT**

The Group believes that the upward trend of the economy in Hong Kong and the PRC will continue in 2007. However, the Group will face bigger challenges in the remaining part of 2007, especially in the recruitment advertising business in both Hong Kong and the PRC. The development strategy of the Group for the rest of 2007 remains consistent with that of the last quarter and the previous year. It will continue with the development of its existing businesses and at the same time will be actively seeking opportunities to further diversify its business and earning base. The cash balance as of 31 March 2007 is sufficient to support further business development. However, the management will adopt a prudent approach in utilizing the funds.

### **INTENTION TO LIST THE COMPANY'S SHARE ON THE MAIN BOARD OF THE STOCK EXCHANGE**

To further enhance its public profile and recognition, the Company is preparing a listing of its shares on the Main Board of the Stock Exchange by way of introduction (the "Proposed Introduction"). In March 2007, the Company submitted an advance booking form for the Proposed Introduction to The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Stock Exchange has also been notified of the Company's intention to implement the proposed voluntary withdrawal of the listing of its shares on GEM (the "Proposed Withdrawal"). However, the Board would like to emphasize that both the Proposed Introduction and the Proposed Withdrawal are still in progress and that the definitive timetable for the Proposed Introduction and the Proposed Withdrawal has yet to be finalized. Further announcements will be made by the Company to keep the shareholders informed on the latest progress of the Proposed Introduction and the Proposed Withdrawal in accordance with the requirements of the GEM Listing Rules and the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

## FIRST QUARTERLY RESULTS (UNAUDITED)

The Board of Directors (the “Board”) of Recruit Holdings Limited (the “Company”) presents the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months ended 31 March 2007 together with the comparative unaudited figures for the corresponding period in 2006 as follows:

### CONSOLIDATED INCOME STATEMENT

		(Unaudited)	
		Three months ended	
		31 March	
		2007	2006
		<i>HK\$' 000</i>	<i>HK\$' 000</i>
	<i>Notes</i>		
Revenue and turnover	2	<b>73,692</b>	62,748
Direct operating costs		<b>(48,185)</b>	(35,789)
Gross profit		<b>25,507</b>	26,959
Other operating income		<b>13,298</b>	1,324
Selling and distribution costs		<b>(13,013)</b>	(10,933)
Administrative expenses		<b>(8,372)</b>	(7,359)
Other operating expenses		<b>(388)</b>	-
Profit from operations	3	<b>17,032</b>	9,991
Finance costs		<b>(255)</b>	(369)
Profit before income tax		<b>16,777</b>	9,622
Income tax expense	4	<b>(1,162)</b>	-
Profit for the period		<b>15,615</b>	9,622
Attributable to:			
Equity holders of the Company		<b>15,113</b>	9,066
Minority interests		<b>502</b>	556
		<b>15,615</b>	9,622
Earnings per share for profit attributable to the equity holders of the Company during the period			
- Basic	5	<b>HK5.50 cents</b>	HK3.31 cents
- Diluted	5	<b>HK5.46 cents</b>	HK3.29 cents

## NOTES TO THE FIRST QUARTERLY RESULTS

### 1. Basis of preparation

The Group's unaudited consolidated results for the three months ended 31 March 2007 have been prepared in accordance with Chapter 18 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules").

The Group's unaudited consolidated results for the three months ended 31 March 2007 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants, and accounting principles generally accepted in Hong Kong. The accounting policies adopted in preparing these first quarterly results are consistent with those used in the Company's annual audited consolidated financial statements for the year ended 31 December 2006. The first quarterly results are unaudited but have been reviewed by the Company's audit committee.

### 2. Revenue and turnover

	<b>(Unaudited)</b>	
	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2007</b>	<b>2006</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Advertising income	<b>53,445</b>	43,010
Printing income	<b>20,247</b>	19,738
	<b><u>73,692</u></b>	<u>62,748</u>
	<b>=====</b>	<b>=====</b>

### 3. Profit from operations

Profit from operations has been arrived at after charging/(crediting):

	<b>(Unaudited)</b>	
	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2007</b>	<b>2006</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Amortisation and depreciation	<b>3,176</b>	2,226
Employee benefit expense	<b>11,018</b>	9,213
Gain on financial assets at fair value through profit or loss	<b>(96)</b>	(435)
Gain on partial disposal and dilution of interest in a subsidiary	<b>(9,455)</b>	-
Minimum lease payments paid or payable under operating leases or leases defined under HK(IFRIC) – Int 4 "Determining whether an arrangement contains a lease" in respect of:		
- Rented premises and production facilities	<b>1,645</b>	1,281
- Internet access line	<b>21</b>	21

### 4. Income tax expense

The amount of taxation charged to the consolidated income statement represents:

	<b>(Unaudited)</b>	
	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2007</b>	<b>2006</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
The charge comprises:		
Profits tax for the period		
- Hong Kong	<b>1,020</b>	-
- Overseas	<b>142</b>	-
	<b>1,162</b>	-
	<b>=====</b>	<b>=====</b>

Hong Kong profits tax has been provided at the rate of 17.5% on the Company's estimated assessable profits for the three months ended 31 March 2007. No Hong Kong profits tax had been provided for the three months ended 31 March 2006 as the Group had tax deductible losses brought forward from previous years. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

## 5. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	<b>(Unaudited)</b>	
	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2007</b>	<b>2006</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Earnings for the purposes of basic and diluted earnings per share for the period	<b>15,113</b>	<b>9,066</b>
	<u>=====</u>	<u>=====</u>
	<b>(Unaudited)</b>	
	<b>Number of shares ('000)</b>	
	<b>2007</b>	<b>2006</b>
Weighted average number of ordinary shares for the purposes of basic earnings per share	<b>274,800</b>	<b>274,348</b>
Effect of dilutive potential ordinary shares in respect of share options granted	<b>1,808</b>	<b>1,452</b>
	<u>-----</u>	<u>-----</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<b>276,608</b>	<b>275,800</b>
	<u>=====</u>	<u>=====</u>

## 6. Movements in reserves (Unaudited)

	Share premium HK\$' 000	Employee compensation reserve HK\$' 000	Exchange reserve HK\$' 000	Merger reserve HK\$' 000	Contributed surplus HK\$' 000	Capital contribution HK\$' 000	Proposed final and special dividends HK\$' 000	Retained earnings HK\$' 000	Total HK\$' 000
<b>2007</b>									
At 1 January	54,097	1,283	45	(43,897)	7,925	-	20,610	80,575	120,638
Currency translation	-	-	(33)	-	-	-	-	-	(33)
Profit for the period	-	-	-	-	-	-	-	15,113	15,113
At 31 March	<u>54,097</u>	<u>1,283</u>	<u>12</u>	<u>(43,897)</u>	<u>7,925</u>	<u>-</u>	<u>20,610</u>	<u>95,688</u>	<u>135,718</u>
<b>2006</b>									
At 1 January	54,065	951	65	(43,897)	34,031	521	10,969	25,473	82,178
Shares issued at premium	16	-	-	-	-	-	-	-	16
Shares issue expenses	(3)	-	-	-	-	-	-	-	(3)
Equity-settled share based payment expenses	-	166	-	-	-	-	-	-	166
Currency translation	-	-	(3)	-	-	-	-	-	(3)
Profit for the period	-	-	-	-	-	-	-	9,066	9,066
At 31 March	<u>54,078</u>	<u>1,117</u>	<u>62</u>	<u>(43,897)</u>	<u>34,031</u>	<u>521</u>	<u>10,969</u>	<u>34,539</u>	<u>91,420</u>

## DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2007 (2006: Nil).

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 31 March 2007, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealing by the Directors under Rule 5.46 of the GEM Listing Rules, were as follows:

(a) Long Position in the shares of the Company

Name of Directors	Personal Interests (Shares)	Family Interests (Shares)	Corporate Interests (Shares)	Total Interests (Shares)	Percentage to the issued share capital of the Company (%)
Mr. Lau Chuk Kin ( <i>Note 1</i> )	Nil	Nil	178,894,000	178,894,000	65.10
Mr. Lee Ching Ming, Adrian ( <i>Note 2</i> )	100,500	50,000	Nil	150,500	0.05
Mr. Peter Stavros Patapios Christofis	670,500	Nil	Nil	670,500	0.24
Mr. Cheng Ping Kuen, Franco	204,000	Nil	Nil	204,000	0.07

(b) Options to subscribe for share of the Company

Name of Directors	Number of share options				
	Outstanding at 1.1.2007	Granted during the period	Exercised during the period	Cancelled/lapsed during the period	Outstanding at 31.3.2007
Ms Ho Suk Yi ( <i>Note 3</i> )	500,000	-	-	-	500,000

*Notes:*

1. Of 178,894,000 shares, 940,000 shares and 177,954,000 shares are beneficially owned by ER2 Holdings Limited and City Apex Limited respectively. As at 31 March 2007, Mr. Lau Chuk Kin beneficially owned 67% of the issued share capital of ER2 Holdings Limited, which is the ultimate holding company of City Apex Limited. Accordingly, Mr. Lau Chuk Kin is deemed to be interested in the said shares pursuant to Part XV of the SFO.

2. Of 150,500 shares, 50,000 shares are beneficially owned by the wife of Mr. Lee Ching Ming, Adrian, who is deemed to be interested in the said shares under Part XV of the SFO.
3. Of 500,000 share options granted to Ms Ho Suk Yi, 250,000 and 250,000 share options were granted on 17 May 2004 and 9 December 2004 respectively. Details of the share options are set out below:

Date of grant	Number of share options granted	Exercise price per share (HK\$)	Vesting period	Exercisable period	Percentage to the issued share capital of the Company (%)
17.5.2004	250,000	0.28	17.5.2004 – 16.5.2005	17.5.2005 – 2.7.2013	0.09
9.12.2004	250,000	0.43	9.12.2004 – 8.12.2005	9.12.2005 – 2.7.2013	0.09

Saved as disclosed above, as at 31 March 2007, to the knowledge of the Company, none of the directors or chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be maintained under section 352 of Part XV of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors as referred to in Rule 5.46 of the GEM Listing Rules.

## SUBSTANTIAL SHAREHOLDERS

As at 31 March 2007, so far as is known to any director or chief executive of the Company, other than a director or chief executive of the Company, the following persons had interests or short positions in the shares or underlying shares of the Company, being 5% or more in the issued share capital of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of shareholder	Number of shares	Percentage to the issued share capital of the Company %
Mr. Lau Chuk Kin ( <i>Note 1</i> )	178,894,000	65.10
ER2 Holdings Limited ( <i>Note 1</i> )	178,894,000	65.10
City Apex Limited ( <i>Note 1</i> )	177,954,000	64.76
Tai Wah Investment Company Limited ( <i>Note 2</i> )	22,000,000	8.01
Chan Family Investment Corporation Limited ( <i>Note 2</i> )	25,393,333	9.24
Great Eagle Holdings Limited ( <i>Note 3</i> )	21,962,000	7.99
Jolly Trend Limited ( <i>Note 3</i> )	21,962,000	7.99
The Great Eagle Company, Limited ( <i>Note 3</i> )	21,962,000	7.99
Dr. Lo Ka Shui ( <i>Note 4</i> )	21,944,000	7.99
JAIC-Somerley Corporate Development Fund Limited ( <i>Note 5</i> )	16,776,178	6.10
Japan Asia Investment Company Limited ( <i>Note 5</i> )	16,776,178	6.10

*Notes:*

1. Of the 178,894,000 shares, Mr. Lau Chuk Kin is deemed to be interested in the 940,000 shares directly held by ER2 Holdings Limited. Each of Mr. Lau Chuk Kin and ER2 Holdings Limited is deemed to be interested in the 177,954,000 shares owned by City Apex Limited.
2. Of these shares, 2,395,333 shares are directly owned by Chan Family Investment Corporation Limited, 998,000 shares and 22,000,000 shares are respectively held by Earnyear Limited and Tai Wah Investment Company Limited. Both Earnyear Limited and Tai Wah Investment Company Limited are wholly-owned subsidiaries of Chan Family Investment Corporation Limited.
3. Each of Great Eagle Holdings Limited and Jolly Trend Limited is deemed to be interested in the 21,962,000 shares owned by The Great Eagle Company, Limited.
4. Of these shares, 21,962,000 shares are duplicated in the interest described in note 3, as The Great Eagle Company, Limited is a wholly-owned subsidiary of Great Eagle Holdings Limited. Dr. Lo Ka Shui was interested and/or deemed to be interested in the issued share capital of Great Eagle Holdings Limited. In addition, Dr. Lo Ka Shui has personal interest in 150,000 shares.
5. Japan Asia Investment Company Limited is deemed to be interested in the 16,776,178 shares owned by JAIC-Somerley Corporate Development Fund Limited.

Save as disclosed above, as at 31 March 2007, so far as is known to any director or chief executive of the Company, other than a director or chief executive of the Company, no persons had interests or short position in the shares or underlying shares which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

## **FINANCIAL ASSISTANCE TO AFFILIATED COMPANIES**

As reported in the 2006's annual report of the Company, the Group provided financial assistance to PPG Investments Limited ("PPGI") of approximately HK\$19 million, which was proportional to the Group's 50% equity interest in PPGI. The financial assistance is unsecured, interest free and has no fixed terms of repayment.

As at 31 March 2007, the Group's advance to PPGI, net of allowance, was approximately HK\$17 million (2006: HK\$4 million). The Directors believe that no further allowance for the amount due from PPGI is required.

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

During the three months ended 31 March 2007, the Company had not redeemed any of its listed securities. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's listed securities during the three months ended 31 March 2007.

## **COMPETING INTERESTS**

Interests of the directors of the Company in competing businesses required to be disclosed pursuant to Rule 11.04 of the GEM Listing Rules are as follows:

<b>Name of director</b>	<b>Name of companies</b>	<b>Nature of competing business</b>	<b>Nature of interest</b>
Mr. Lau Chuk Kin	International Resources Group Limited	Executive search in the United Kingdom	As a director and shareholder
	Samual Wan & Partners Limited	Executive search in Hong Kong and the PRC	As a shareholder
Mr. Wan Siu Kau	Samual Wan & Partners Limited	Executive search in Hong Kong and the PRC	As a director and shareholder

Having considered (i) the nature, geographical market, scope and size of the above businesses; and (ii) the nature and extent of the above-named directors' respective interest in these businesses, the directors of the Company believe that there is unlikely to be any significant competitions caused to the businesses of the Group.

Save as disclosed in this section, none of directors or the management shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) has any business or interest that competes or may compete with the business of the Group.

## **AUDIT COMMITTEE**

The audit committee was established in April 2000 to review the Group's financial reporting, internal controls and make relevant recommendations to the Board. The terms of reference of the audit committee are posted on the Company's website.

The audit committee has three members comprising the three independent non-executive directors, namely, Mrs. Ling Lee Ching Man, Eleanor, Mr. Cheng Ping Kuen, Franco and Mr. Tyen Kan Hee, Anthony, with terms of reference in compliance with the GEM Listing Rules.

The audit committee had met with the management to review the Company's first quarterly report for the three months ended 31 March 2007 and had the opinion that such report was complied with the applicable accounting standards and adequate disclosures had been made.

By Order of the Board  
**Recruit Holdings Limited**  
Ho Suk Yi  
Executive Director

Hong Kong, 4 May 2007